

The Social Consequences of Participating in the Ethnic Economy

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ABSTRACT

This study examines the effect of working in ethnic economy on social integration of immigrants. The analysis is based on a recently completed survey of the Chinese ethnic economy in Toronto. Our findings show that working in ethnic hampers participation in the social activities of the wider society. Detailed analysis of the subgroups of immigrants suggest that even they have higher likelihood of participating in social activities in the wider society (i.e., those who give a favorable evaluation of their own group; those who are independent and family class immigrants), they have significantly less participation in social activities in the wider society when they participate in ethnic economy. Although previous research has documented that employment in ethnic economy is an "alternative avenue" for immigrants to achieve economic advancement in a new country, our study suggests that the social cost is substantial.

INTRODUCTION

Over the past 40 years, as Asian and Hispanic populations have grown substantially in many North American cities, ethnic economies have blossomed. The development of ethnic economy has generated intense interest among sociologists and economists for two major reasons. First, the emergence of ethnic economy challenges the traditional assimilation perspective of the zero-sum nature of the immigrant integration process (Wilson and Portes 1980; Portes and Bach 1985; Sanders and Nee 1987; Portes and Jensen 1989; Zhou and Logan 1989).¹ Ethnic economy is perceived as an alternative avenue of economic attainment among immigrants through their ethnic resources and ties. Thus, ethnic connections should no longer be considered a burden in the process of integration. On the contrary, ethnic resources are viewed as advantageous to the settlement process (Bailey and Waldinger 1991; Zhou 1992; Portes and Sensenbrenner 1993; Nee, Sanders, and Sernau 1994; Waldinger 1994). Second, social scientists are attracted by the topic because it intersects the subjects of interest of economics and sociology (Portes 1995; Waldinger, Aldrich, and Ward 1990; Swedberg 1987).

Despite different understandings of the mechanisms of ethnic economy, the topic provides ample opportunity to study the relationship between economic activities and their embedded social structures. The study of ethnic economy

addresses how the structure of social relationships, and not just the pure market supply-demand mechanism, determine performance in the labor market. The best illustration is the research that sheds light on how the embedded social structure within ethnic economy contributes to the earnings of those participating in it (Portes and Sensenbrenner 1993; Light and Bonacich 1988), and how ethnic ties lead immigrants to enter the ethnic niche (Zhou 1992; Waldinger 1994; Stepick 1994).

While the study of the economic returns of those participating in ethnic economy offers rich material for understanding the economic integration process of immigrants and how economic activities are related to the embedded social structure, most studies fail to address the social consequences of participating in ethnic economy. Since assimilation is a multidimensional process, economic integration is only part of the assimilation outcome. It is possible that individuals achieve economic

The traditional assimilation perspective suggests that immigrants most probably cannot retain ties to their integration while maintaining a low level of social integration. Studying the social consequences of participating in ethnic economy will further clarify and extends the understanding of the role of ethnic economy in the assimilation process.

Studying the effect of participating in ethnic economy on the social relations of immigrants can also deepen our understanding of the inter-relationship between economy and society (Portes 1995; Granovetter 1995). Although a host of early studies on ethnic economy focused on how economic activities are affected by the embedded social structure, the way in which participation in these economic activities in turn affects the social relations of immigrants and the wider society has been largely ignored. This research gap is of interest because how economic activities affect social behavior has been a central focus in the study of social relations. This long-standing interest can be traced back to the classic texts, such as the discussion by Marx (1964) of how economic activities affect the social and cultural superstructure of society, or the work of Simmel on how social interaction is affected by forms and types of economic exchange. (Frisby 1990)

Given that social integration is an important aspect of the assimilation outcome, and given that the effect of economic activities on social behavior is central to understanding social relations, this study begins to redress the oversight. We discuss the social consequences of immigrants participating in ethnic economy. We suggest that participating in ethnic economy can negatively affect the social integration of immigrants. We test the proposed relationship with data from a survey of Chinese people in Toronto. Finally, we discuss the implications of the findings and possible directions for future study built on our results.

LITERATURE REVIEW

¹ The traditional assimilation perspective suggests that immigrants most probably cannot retain ties to their ethnic heritage as they integrate into society.

The literature on ethnic economy is flooded with various definitions of the concept. Some definitions emphasize ethnic entrepreneurship (Portes and Bach 1985); some stress the composition of co-ethnic employers and employees (Bonacich and Model [1980]); some highlight the aspect of ethnic language used in the workplace (Reitz 1980); some mark the importance of ethnic employees concentrated in certain industries (Zhou and Logan 1989); some identify geographic ethnic concentration (Sanders and Nee 1987). All the proposed definitions share a fundamental element: common ethnicity. In a recent review of the concept, Light, Sabagh, Bozorgmehr and Der-Martirsian (1993) proposed that the definition should return to basics and even argued that the distinctive economic formation that emphasize common ethnicity is sufficient to define ethnic economy.

With this common understanding of the salience of ethnicity in ethnic economy, regardless of whether the organizing principle of the economic activities within the ethnic economy is based on ethnic solidarity as suggested by Portes and his associates (Wilson and Portes 1980; Portes and Bach 1985) or ethnic exploitation as argued by Sanders and Nee (1987) and Light and Bonacich (1988), we hypothesize that working in ethnic economy, and interacting mostly with ethnic members in the workplace, may delay the process of adaptation to the new country, and is conducive to maintaining ethnic identity, which in turn affects full participation in the larger society. Subsequently, the propensity for social integration will be affected. To explore this possible effect, this paper draws together ideas from two different sets of literature: social exchange and network analysis. Each perspective sheds light on some of the reasons why participation in ethnic economy can affect social integration.

The social exchange approach provides a starting point for a discussion of how the ethnic working environment affects the social integration of those working there. In an effort to extend Hornans' analyses of interpersonal relationships, Blau (1977) incorporates the importance of social structure in understanding patterns of interpersonal association. He argues that individuals in an enclosed social environment usually have less interaction with individuals outside (Blau 1994). They have less time and fewer opportunities to associate with friends outside their group. Research on intergroup relations such as intermarriage (Lee and Yamanaka 1990; Alba and Golden 1986) and friendship choice in general show strong support for this argument (Fong and Isajiw forthcoming; Moore 1990; Hallinan 1982).

We expect that the effect of group structure on intergroup relations can naturally extend to understanding the social integration of those participating in ethnic economy. Since immigrants work in ethnically homogeneous working environments, they interact mostly with co-ethnic workers, co-ethnic supervisors, or co-ethnic customers. Their opportunities to interact with friends from other groups will be limited and their opportunities for participating in social activities organized by friends from other groups will be few.

The structure of an enclosed working environment with predominantly co-ethnic workers not only limits the opportunity for interaction with other groups; it also limits the flow of information from the larger society. In turn, the social integration process of those participating in the ethnic economy will be affected. Considerable social network analysis has determined that when there is a dense network, as compared to a sparse network, it usually takes more time and energy to obtain information outside the network (Friedkin 1980; Boorman 1975). As Burt (1992) succinctly argued, the issue is opportunity cost. A dense network is inefficient and returns less diverse information for the same cost as the sparse network. Work done by Granovetter (1973) on job search patterns elegantly demonstrates that weak ties are essential to the flow of information about jobs that integrate disconnected social groups into a coherent whole. Therefore, though a tight and dense ethnic network in ethnic economy allows ethnic members to easily share grievances, develop strong relations, and obtain information about their own ethnic community, access to the inflow of information from the larger society is limited (Burt 1992; Hechter, Friedman, and Appelbaum 1982). In turn, their level of participation in the social activities of the larger society will be affected.

Although different lines of research have suggested the possible effects of participation in ethnic economy on social integration, studies have also shown that the levels of social integration among immigrants can be affected by other factors as well. First, the level of social integration can be related to sociodemographic characteristics of immigrants. Level of education, proficiency in English, and length of time in the new country are seen to be positively related to the social integration of immigrants (Fong and Isajiw forthcoming; Sigelman, Bledsoe, Welch, and Combs 1996; Lee and Yamanaka 1990; Stevens 1992; Massey 1981). A higher level of education may facilitate understanding and the ability to obtain more information about the larger society. Proficiency in English can improve the ability of immigrants to communicate with people outside the ethnic community. Finally, immigrants who stay in the country for a longer period of time will develop larger social networks that encourage more intergroup interactions. All these factors are interpreted as obstacles that immigrants need to overcome to achieve a higher level of social integration with the larger society.

Second, the level of social integration of immigrants can be influenced by the immigration class. Immigrants of the same nationality can experience different modes of incorporation if their starting points in the new society are different (Reitz 1998; Portes and Rumbaut 1990; Rumbaut 1997). In Canada, there are two main immigration classes, independent class and family class. Together they represent about 83% of immigrants arrived Canada each year.² Immigrants who apply under the independent class are selected according to their potential to adapt to the culture and labor market of Canada (Dirks 1995). Consequently, these immigrants usually are more ready to integrate into Canadian society. Immigrants come to Canada under the family class to reunite with their families. They do not have to satisfy the same

requirements as independent immigrants in their applications. They will be more likely to confine themselves to their family and kin, with whom they have strong ties. Therefore, we expect that independent immigrants, whose selection is based on cultural and market adaptability, will be more likely to have a higher level of social integration than immigrants who come to Canada under the family class.

Finally, the level of integration into Canadian society depends on the evaluation of the immigrant's own groups. Whether the evaluation is positive or negative is largely determined by the reception the particular group received in the new country (Zhou 1997; Portes and Rumbaut 1990). If immigrants experience social prejudice or discrimination, they are more likely to form a negative perception of their own group. In turn, they are less likely to be motivated to participate in social events outside their group (Powers and Ellison 1995). In other words, past experiences of discrimination should affect current dispositions of individuals toward interacting with other groups.

In short, we have extrapolated from the literature on social exchange and network analysis and suggested that there may be a lower level of social integration for those participating in ethnic economy, as compared to those working outside. To provide a comprehensive picture of the social integration of immigrants, we also summarized major factors discussed in the literature that may affect the social integration process. In the following sections, we employ survey data of Chinese residents in Toronto to test the suggested effect of participation in ethnic economy on social integration. We briefly describe the demographic and social context of the Chinese in Toronto before we discuss the statistical results of the survey. The purpose is to provide background to interpret the results.

DEMOGRAPHIC AND SOCIAL CONTEXT OF TORONTO

The Chinese population of Toronto remained stagnant between the 1930s and the 1940s because the Canadian immigration policy of the time still prohibited Chinese immigration.³ After the Second World War, restrictive immigration laws were gradually replaced by laws that were more favorable to Chinese (Li 1998). It was not until 1967 that Chinese were allowed to enter Canada under the same selection criteria as other racial and ethnic groups. The change in policies in 1967 that led to the adoption of the universal points system for immigrant selection substantially increased the number of immigrants from non-traditional sending countries (Li 1996). The Chinese took advantage of the new policy. They first arrived in Toronto in limited numbers, which gradually increased. According to the 1996 Census, over 70% of the current Chinese population arrived in Canada after 1970.

² Independent class includes business and skilled worker applicants. Besides independent class and family class, two other major immigrant categories are refugee class and retirement class.

³ The Chinese Immigration Act, which barred Chinese from entering Canada, was passed in 1923. The Act was repealed in 1947.

Most of the post-war Chinese immigrants were from Hong Kong, Mainland China, and Taiwan. They arrived in Canada in different periods and under different social circumstances. The majority came from Hong Kong. Their numbers were the highest among all immigrants, with 96,500 from Hong Kong among the 1.24 million immigrants who came to Canada between 1981 and 1991 (Statistic Canada 1998). Most of them came in response to the potential political changes that would occur when Hong Kong returned to China in 1997. A large number of them were professionals, senior administrators, and businessmen. Businessmen especially were worried about the future of their business and financial capital when communist China resumed sovereignty over Hong Kong (Fong, et.al. forthcoming). They were attracted by the business immigration programs launched in Canada in the 1980s, and a substantial number of them established new businesses when they arrived.

In addition, a considerable proportion of these immigrants are from Mainland China. Those who arrived in Canada before 1960 usually have low educational levels and language ability. They have usually worked and lived close to Chinatown. However, recent immigrants from China originally came to Canada to obtain advanced university degrees, and later decided to stay. Most of them are competitive in the labor market and are able to secure good jobs.

A growing number of Chinese immigrants have come from Taiwan. Most of them, like those from Hong Kong, migrated to Canada in response to the business immigration programs. They brought financial capital with them. Toronto, the largest city in Canada, has emerged as one of the major centers of Chinese immigration. According to the 1996 census, about 40% of the Chinese population in Canada lives in Toronto CMA. Toronto has the largest Chinese population of all cities in Canada (Statistics Canada 1998). The Chinese population comprises 8% of the total Toronto population. The majority of Chinese, about 77%, are immigrants, and most of them are recent immigrants. About 60% arrived in Canada after 1991. These Chinese immigrants are highly selected based on their socioeconomic background. For example, about 21 % of them completed university as compared to 16% of the general immigrant population in Toronto.

Chinese business in Toronto has experienced a tremendous growth because of increases in population and capital investment. In addition to the traditional type of family-operated and individually owned Chinese businesses in restaurants, laundries, and groceries, other self-employed professions such as medicine, law, and accounting have grown (Li 1998; 1993). Large-scale and capital-intensive ethnic enterprises, which recruit ethnic employees, have also become a significant part of Chinese business.

The Chinese economy becomes an important sector of employment for many Chinese immigrants (Li 1993; Chan and Cheung 1985). This new phenomenon created the unique social context in which the social integration of Chinese immigrants into Canadian society is now taking place. Therefore, it is very important to examine the social integration of

this most rapidly growing immigrant group within this unique social context and to discover how their integration is conditioned by the existence of an expanding ethnic economy.

DATA AND METHODS

Data for this study come from a recently completed survey of the Chinese ethnic economy in Toronto. The survey was conducted in 1998 and covered the Greater Toronto region which includes the six districts of Toronto and neighboring cities (Markham, Richmond Hill, Mississauga).⁴

Using the telephone CD (Pro CD 1998), we compiled a file of all telephone numbers associated with the English translation of a Chinese last name. Then, we randomly selected a sample from the list. The list of Chinese last names in the file is intended to be exclusive. We included the English translation of Chinese last names by Cantonese pronunciation (the most popular dialect in Hong Kong), and by the Mandarin pronunciation commonly used in Taiwan and mainland China.

Before any interviews took place, we first sent a letter to explain our research to all selected individuals. Two weeks later, interviewers called the potential interviewees and made arrangements for possible interviews. The study limited potential interviewees to those between 18 and 60 years old because the study's main interest is in employment patterns. We selected immigrants only. The data collection over sampled self-employed people, so a weight was developed to reflect the relative distribution in accordance with the census information.

This data set is unique in three aspects. First, although Toronto has one of the largest Chinese populations in North America and the Chinese ethnic economy there has blossomed, there has been no systematic survey conducted to study the topic. This survey is the first and the most comprehensive study of the Chinese ethnic economy in Toronto. Second, the data set covers many aspects of the social and economic activities of Chinese individuals participating inside or outside the ethnic economy. It provides rich information about the social consequences of participating inside and outside the ethnic economy. Third, the data were collected in 1998. The results reflect the most recent situation of the Chinese population and their expanding ethnic economy in Toronto. Although there had been some earlier studies of Chinese immigrants and their ethnic economy experience in Toronto, these studies relied on data obtained in the early 1980s (Reitz 1980; Reitz and Sklar 1990; Fong and Isajiw, forthcoming). However, in the past twenty years, the Chinese population in Toronto has grown substantially, the Chinese ethnic economy has expanded drastically, and the social and economic climate in Canada has changed considerably. Thus, this recently conducted survey has the advantage of examining the social integration of Chinese immigrants within the contemporary social context.

⁴ The six districts include York, North York, Toronto, Scarborough, Etobicoke, York, and East York.

TABLE 1 ABOUT HERE

Table 1 briefly describes the definitions and measurement of the dependent and independent variables in this analysis. The dependent variable is the level of participation in social activities in the wider society. This variable is derived from the question, "How often do you attend Canadian dances, parties, or informal social affairs?"⁵ Although we could use the ethnic composition of friends as an indicator of integration, as most other studies have done, we decided to use this question to obtain an overall picture of the social participation of respondents in the wider society rather than focus on one specific aspect of social integration, friendship choice (Fong and Isajiw forthcoming; Hallinan 1982). This approach is consistent with Gordon's (1964) notion of "structural assimilation," which he uses to encompass general participation in the wider society. However, the variable has the limitation that the answer to the question is based on the self evaluation of respondents, and each respondent may have different criteria for identifying levels of participation. Therefore, the results have to be interpreted with caution.

The survey originally consisted of five response categories. We grouped the five categories into three because limited cases for some categories prevented us from carrying out elaborate statistical analyses. For the regrouping, if the respondents answered that their participation levels were "frequent" or "fairly often," their participation in social activities of the wider society was classified as "high." If their answer was "sometimes," their level of participation was classified as "medium." Individuals whose response was "rarely" or "never" were considered to have a "low" level of integration.⁶

In this study, we are interested in the effect of participating in ethnic economy on the level of participation in social activities of the wider society. Determining participation in ethnic economy is not an easy task, because there is no coherent operational definition of ethnic economy. Having surveyed the literature, Logan, Alba, and McNulty (1994) suggested that there are three major dimensions that researchers usually use to operationally define the concept: working environment, residential location, and industrial concentration. Each of these dimensions emphasizes a salient aspect of the concept. In this study, we used the working environment of the respondents as the criterion for identifying participation in ethnic economy. We followed the definition suggested by Light, Sabagh, Bozorgmehr and Der-Martirsian (1993:581) that "an ethnic economy refers to all ethnic-owned business firms and their co-ethnic personnel irrespective of geographical location."

The advantage of using working environment to define participation in ethnic economy reduces the Type 11 error (i.e., including individuals not working in ethnic economy) that may occur when using either residential location or industrial

⁵ Canadian activities, for most Chinese, refer to activities that are organized by individuals or groups outside the Chinese community.

⁶ We tried a few combinations, and the results are similar.

concentration.⁷ For example, if we use residential location to define participation in ethnic economy, a Chinese immigrant living in Scarborough, one of the suburbs of Toronto with a high concentration of Chinese, may not be necessarily be working in ethnic economy. Similarly, if the definition of industrial concentration is used, a Chinese immigrant working in the clothing industry may not necessarily be working in an ethnic environment. In addition, identifying ethnic economy by workplace characteristics provides a direct firm-level measure. After all, the concept of ethnic economy is related the co-ethnic nature of the working environment and its business activities.

To operationalize the definition, we classified individuals as participating in ethnic economy whenever they meet any one of the following criteria: 1) self-employed; 2) working in a firm where at least 40% of the management is co-ethnic; or 3) working in a firm where at least 40% of their coworkers are co-ethnic.

To fully understand the participation in social activities of the wider society of those participating in ethnic economy, we also included three sets of factors discussed earlier that may affect the level of social participation: the sociodemographic characteristics of respondents, their immigration class when they applied for immigration, and their perception of their own group.

The first set of variables, individual sociodemographic characteristics, consists of three variables: the respondent's educational level, language ability, and duration in the country. Educational level is a dummy variable that contrasts those who have completed university to those who have not. Language ability is a dummy variable that identifies those who speak English well to those who do not. The respondent's duration in the country is obtained by subtracting the respondent's year of arrival to Canada from the year of interview. From previous studies (Portes and Bach 1985), we expect that those who have completed university, have good English ability, and have been in Canada for a longer period of time, will be more likely to increase their participation level in the social activities of the wider society.

The second set of independent variables refers to the respondent's immigration class at the time of application. We created three dummy variables: independent, family reunification, and "others."⁸ We hypothesize that independent immigrants are most likely to become involved in Canadian social events because they have been admitted to Canada based on their potential adaptability.

The third set of independent variables relates to the perception of one's own group in the host country. It includes a variable derived from a question, which asks the respondent whether Chinese are well respected in Canadian society. Those who answer "strongly agree" or "agree" are labeled as having a positive perception of their own group. If the respondents "strongly disagree" or "disagree" with the statement, they are categorized as having a negative perception of

⁷ Residential location and industrial concentration are good proxy to use with census data because no information is provided at the firm level.

⁸ The "other" category includes retirement class and refugee class. They represent 3% of the total sample.

their own group. We expect that those who have a positive perception of their own group are more likely to have a positive attitude towards their group's relationship with others in Canadian society. Consequently, they may be more motivated to participate in social activities with Canadians.

Finally, we also controlled for the gender and age of respondents. Research has suggested that there are different integration processes for male and female immigrants from Asian countries. Gradually adopting the new gender role and being treated in different ways as females in North America, women from Asian countries find themselves to have more freedom and equality in relationships. They are able to make connections and ties with a wide range of people (Park 1997). Age may also affect participation in the social activities of the wider society process. Immigrants who are younger have more opportunities to participate in various social activities organized in their workplace or at school. Information about gender and age were directly obtained from the survey data.

RESULTS

TABLE 2 ABOUT HERE

TABLE 2 depicts the patterns of participation in social activities in the wider society among Chinese immigrants in Toronto. More than half of the respondents, 54%, have a low level of participation, while about 16% have a high participation level and 31 % have a middle participation level in social events, such as dances, parties and informal gatherings, in the wider society. The relatively high number of Chinese immigrants who have a low level of social participation may relate to their sociodemographic background, such as their duration in the country or English language ability. However, it is also possible that it is the result of their involvement in the ethnic economy, which in turn affects their participation in social activities in the wider society.

Table 2 also shows the breakdown of the level of participation in social activities of the wider society by those who participate in ethnic economy and those who do not.⁹ The data clearly suggest that a higher percentage of those immigrants who work outside the ethnic economy have a high level of participation in social activities of wider society than those who work in Chinese economy (19.4% versus 10.9%). In addition, the percentage of those who have a low level of participation is lower for those working outside the ethnic economy than for those who work in the ethnic economy. The findings clearly show that more individuals who work outside the ethnic economy have higher levels of participation in the social activities of the wider society. They seem to suggest that participating in ethnic economy may advance an immigrant's economic achievement at the expense of participation in the social activities of the wider society. To fully

⁹ The Chi square of the two columns is 6.539, degree of freedom is 2, and the significant level is 0.038.

evaluate the social consequences of participating in ethnic economy, we explore the role of participating in ethnic economy controlling for various possible effects.

DIFFERENCES BETWEEN THOSE PARTICIPATING AND THOSE NOT PARTICIPATION IN ETHNIC ECONOMY

TABLE 3 ABOUT HERE

Before we explore the multivariate models, we provide descriptive information in Table 3 about Chinese people participating inside and outside ethnic economy. Similar to the findings of Sanders and Nee (1987), our findings also suggest substantial differences in the socioeconomic and demographic characteristics of those participating inside and outside the ethnic economy. Chinese individuals working in the Toronto ethnic economy have a lower level of human capital resources, have been in Canada for a shorter period of time, and are older in age than those who work outside the ethnic economy. Although the two groups have a similar proportion of immigrants who arrived in Canada in the independent class, a lower proportion of those participating in the ethnic economy came to Canada in the family class. The results show no substantial difference between the two groups in respect to their perception of their own group. In short, Table 3 indicates that those who participate in ethnic economy have disadvantaged socioeconomic resources, distinctive demographic characteristics, and a lower proportion of family class immigrants than those who do not participate in ethnic economy.

To what extent can the rate of participation in social activities in the wider social activities be explained by participation in ethnic economy, differences in sociodemographic characteristics, immigration class, and perception of one's own group? To address this question, we carried out a series of nested ordered logistic regression models to disentangle the effects of participating in ethnic economy on participation in social activities of the wider society.

MULTIVARIATE ANALYSIS

In Table 4, we provide the results of the four nested ordered logistic models because of the ordinal nature of the dependent variable. The initial model includes only the sociodemographic variables. The second model adds the immigrant class. The third model incorporates the evaluation of the group, and the final model takes into account the effect of ethnic economy experience. Standard errors of estimated coefficients are reported in parentheses.

TABLE 4 ABOUT HERE

The first model shows that a higher level of education significantly increases the level of participation in the social activities of the wider society. The odds of more frequent attendance at social activities with Canadians will increase by a factor of 2.16 when immigrants have university education. English proficiency is also found to significantly increase Chinese participation in social activities in the wider society. A better command of spoken English increases the odds of

participating in social activities with Canadians by a factor of 3.3. This might be due to the fact that immigrants with more education and better language skills are more informed about Canada. However, duration of stay does not inevitably increase the level of integration as the traditional assimilation model suggests (Gordon, 1964). Duration of stay in Canada does not have significant effect on the level of participation in social activities of the wider society. Finally, the control factors, gender and age, do not relate to the level of wider social participation by Chinese immigrants.

Parameter estimates for Model 2 demonstrate that immigration class is related to the level of social participation in the wider society. Both independent and family classes are positively related to the level of wider social participation.¹⁰ A closer look suggests that the independent class is more strongly related to participation in social activities of the wider society than family class. These results suggest that immigrants who arrive in the country under different immigration classes experience different modes of incorporation into the host society (Portes and Rumbaut, 1990; Rumbaut, 1997). As designed by the points system of selecting potential immigrants to Canada, immigrants in the independent class are more ready to integrate into Canadian society.

In Model 3, we added a variable measuring the perception of Chinese immigrants of their own group. This variable is positively related to social involvement with Canadians. In other words, Chinese immigrants who have positive perceptions of their own group in Canada are more likely to have higher levels of social involvement with Canadians. This finding, however, can also be interpreted in the opposite way, i.e., that those who have frequent contacts with Canadians through various social events are more likely to have a positive perception of their own group.

In Model 4, we added the variable of participation in ethnic economy. The result indicates that, controlling for other factors, working in the Chinese economy significantly reduces the level of participation in social activities in the wider society. The reason may be that people participating in ethnic economy have less opportunity to interact with people from other groups; and so their information about informal events such as dances or parties outside the Chinese community is limited. In other words, the social networks of those participating in ethnic economy are confined to their strong and dense co-ethnic ties (Fong and Isajiw forthcoming).

To further disentangle the effects of participation in ethnic economy on the level of social involvement with respect to immigrant class and self evaluation of one's own group, we designated three separate models using the specifications of Model 4 in Table 3 broken down by subsamples of immigration class and self evaluation.

TABLE 5 ABOUT HERE

Model 1 in Table 5 only included immigrants who have a positive opinion of their own group. The results suggest that among immigrants with a positive attitude towards their own group, those with better language ability and who have

¹⁰ The reference group is "other classes."

lived in Canada for a longer period of time have a higher level of participation in the social activities of the wider society. In addition, those who applied for Canadian immigration in the independent or family class have higher levels of participation in the social activities of the wider society than other classes. Perhaps more important is that the results also demonstrate that when immigrants participate in ethnic economy, even with a positive evaluation of their own group, they tend to have a lower level of participation in social activities in the wider society. The odds of participating in such social activities for those who have a positive evaluation of their own group and are participating in ethnic economy are lowered by 0.471.

For immigrants who arrived in Canada under the independent class, Model 2 does not show that the level of social involvement is related to any of the sociodemographic factors, except English ability. Like immigrants who evaluate their own group positively, independent class immigrants who were selected for their adaptability have a lower level of participation in social activities in the wider society if they work in ethnic economy. In other words, the original purpose of the point system to select immigrants who are more likely to adapt to the new country is offset by their participation in ethnic economy when they arrive.

The final model includes only immigrants of the family class. Among the sociodemographic variables, only education and duration in the country are related to level of participation in social activities in the wider society. In addition, self-evaluation of the own group is positively related to the levels of participation in social activities of wider society. As in previous models, participation in ethnic economy is negatively related to the level of participation in the social activities of the wider society. However, the relationship is not statistically significant.

CONCLUSION AND IMPLICATIONS

The purpose of our analysis is to understand the contemporary process of social incorporation of immigrants. We set out to examine the effect of working in ethnic economy on their social integration. By using level of participation in social activities such as dances, parties and informal social affairs in the wider society as an indicator of social integration, this study provides several interesting observations.

Our findings show that working in ethnic economy hampers participation in the social activities of the wider society. Although previous research has documented that employment in ethnic economy is an "alternative avenue" for immigrants to achieve economic advancement in a new country, our study suggests that the social cost is substantial. Immigrants participating in ethnic economy are less likely to experience a high level of participation in social activities in the wider society. Detailed analysis of the subgroups of immigrants suggest that even they have higher likelihood of participating in social activities in the wider society (i.e., those who give a favorable evaluation of their own group; those who are

independent and family class immigrants), they have significantly less participation in social activities in the wider society when they participate in ethnic economy.

As Portes and Sensenbrenner (1993) pointed out, ethnic economy is embedded in dense ethnic networks and "ethnic bounded solidarity" which enable participants to generate social capital for commanding resources and transactions. Through their dense ethnic networks, immigrants are able to start businesses that generate jobs for fellow ethnic members. Yet, this same unique social structure can have negative social consequences. Individuals participating in ethnic economy have less opportunity to interact with individuals outside their group, and have more difficulty obtaining information about outside events. Therefore, the unique structure of ethnic networks and ethnic solidarity that enhances the socioeconomic achievement of immigrants at the same time hampers their participation in the social activities of the wider society.

Although the research did not test the assimilation model directly, the results of this study are consistent with the predictions of the assimilation model. After all, the price of ethnic ties for immigrants may be a lack of social integration. Immigrants who work in the ethnic economy are less likely to integrate socially. They are less able to fully experience the assimilation process, described by Park and Burgess (1921:735) as the process through which immigrants "acquire the memories, sentiments, and attitudes of other persons or groups, and by sharing their experience and history, are incorporated with them in a common cultural life."

There are certain limitations to this research due to data restrictions. For example, we do not have data on other dimensions of ethnic community involvement even though such information would be helpful. Participation in social activities of wider society may be affected by participation in ethnic economy as well as other institutions of ethnic community, such as ethnic voluntary groups.

Nevertheless, this study has gone beyond previous studies, which emphasized the economic consequences of participating in ethnic economy, by pointing out social consequences of such participation. The general discussion of social consequences in ethnic economy provided in this study suggests that future studies should differentiate social consequences of employers and employees or among workers of various firm sizes. In addition, since this study has evaluated only one aspect of social consequences of participating in ethnic economy, other social consequences, such as effects on ethnic networks or socialization of the second generation, for those who work inside and outside of ethnic economy deserve further attention. In short, there is more unknown than known about the full effect of ethnic economy on the immigrant adjustment process, and more studies are needed.

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